

# NATIONAL EDUCATION REFORM PROGRAM (THIRD-LEVEL BASIC EDUCATION AND SECONDARY EDUCATION)

(HO-0141)

## EXECUTIVE SUMMARY

<b>Borrower:</b>	Republic of Honduras	
<b>Executing agency:</b>	Secretaría de Educación [Ministry of Education]	
<b>Amount and source:</b>	IDB: (FSO foreign currency)	US\$23.0 million
	Cofinancing:	
	Nordic Development Fund (NDF)	US\$ 6.5 million
	Local:	US\$ 0.1 million
	Total:	US\$29.6 million
<b>Financial terms and conditions:</b>	Amortization period:	40 years
	Grace period:	10 years
	Disbursement period:	4.5 years (plus six months' financing of audit and final evaluation)
	Interest rate:	1% for first 10 years and 2% thereafter
	Inspection and supervision:	1% of total loan amount
	Credit fee:	0.5% of undisbursed balance
<b>Objectives:</b>	<p>The program's general objective is to improve the educational administration model and increase the coverage of third-level basic education in rural areas.</p> <p>The specific objectives are: (i) to improve the administrative capacity of basic education centers (BECs) through planning at the individual school level; (ii) to expand access to third-level basic education in rural and marginal urban areas and in ethnic communities through the BEC pedagogical model and based on the proposal for curriculum reform; (iii) to enhance children's learning by improving teaching practices and optimizing the use of educational resources; (iv) to strengthen the Education Ministry's policy-making, hiring, technical support, and supervisory capacity; and (v) to assess alternative models for the administration of education at the secondary level.</p>	

- Description:** The program will pursue these objectives through two components.
- 1. Component 1: Reform of third-level basic education in rural areas (US\$25.4 million)**

The objective of building administrative capacity in schools will be achieved through the formulation of school development plans (SDPs) in each school and delivery to each of a flexible package of educational services (FPES) to enable it to attain the objectives established under the plans.

**Formulation of school development plans (SDPs).** The SDP is a plan of action designed by each school with the participation of the school community, based on curricular and policy guidelines established by the Ministry of Education. The SDP has four purposes: (i) to provide a complete picture of the school's needs with regard to teacher training, textbooks and supplies, infrastructure and other investments; (ii) to set basic targets for coverage and internal efficiency that each school will undertake to attain; (iii) to build administrative capacity in the school through the application of a practical school planning exercise and continuous monitoring of the plan; and (iv) to establish specific pedagogical and logistic support activities for the school, to be provided by decentralized offices of the Ministry of Education.

**Financing of a flexible package of educational services (FPES).** Formulation of an SDP will be a condition precedent for a school to receive one of the FPES to be financed by the program. The FPES is a "menu" of cost-effective interventions available to the school, consisting of both services and materials. The package is flexible and can be adapted to the needs identified in each school's SDP. When a school receives an FPES, it agrees to meet the coverage and retention targets established in the SDP, and its progress in doing so will be monitored by the program facilitators and district technical personnel. Progress reports on the attainment of schools' identified targets will be published annually by the Ministry of Education and distributed to all basic education centers.

**Broadening access to the third level of basic education.** Financing will be provided to open 100 new BECs, by adapting existing primary schools. The construction of new BECs will include adding facilities to accommodate the 7th-9th grade module, as well as rehabilitation and upgrading of existing infrastructure for 1st-6th grades. Funding for the new BECs will also cover the cost of equipment and furnishings.

## 2. Component 2: Institution-strengthening for education reform (US\$2.3 million)

### **Implementation of education reform at the basic education level.**

The program will fund **institutional strengthening of the Ministry of Education** through support for the Technical Unit for National Education Reform (UTEN). Efforts to strengthen the Ministry's capabilities will focus on: (i) instituting an effective system for planning and monitoring of goods and services delivery; (ii) setting in place an SDP reporting and supervision system to evaluate and disseminate information on the effectiveness of the FPES; this will include the results of standardized achievement tests administered by the Ministry's Education Quality Measurement Unit (UMCE); (iii) building capacity in the area of curriculum reform; (iv) inspection of infrastructure works by the Ministry; and (v) effective monitoring of the quality of teacher training.

This component will include a **social marketing plan** to achieve the following objectives: (i) inform all education-system stakeholders of the program's objectives, activities, methodology, and outcomes; (ii) raise awareness among the population of school-age children and their families about the program in order to foster a demand for it, and (iii) establish social accountability processes at the community level.

**Preparation of secondary education reform.** The process of preparing for secondary education reform will include two activities. The first will be a pilot project in six secondary schools that offer instruction in 7th through 12th grades to test the implementation of the third-level basic education curriculum and more autonomous administrative systems at the school level. Second, financing will be provided for studies and for public information and consensus-building activities as part of the preparations for secondary education reform.

### **The Bank's country and sector strategy:**

The proposed program would pursue the objectives of the Government of Honduras and the Bank's strategy for the education sector. First, the program will operationalize the proposal for increased coverage, quality, and modernization of the administration of the educational system in Honduras called for by the Foro Nacional de Convergencia [National Forum for Convergence] (FONAC) and assigned priority in the government's poverty reduction strategy. Second, the intervention model and planned implementation arrangements are in line with the Bank's sectoral and operational strategies in the education sector, which seek to promote:

(i) autonomous administration of schools with community participation and social accountability, and (ii) the simplest operational and implementation apparatuses that can do the most to transfer institutional learning.

**Environmental and social review:**

The planned infrastructure works are expected to have no adverse effect on the environment. The works to be funded will involve rehabilitation and small-scale construction as part of the process of upgrading existing schools. The guidelines of the Honduran Social Investment Fund (FHIS) for infrastructure rehabilitation and construction will be followed. The environmental education and protection activities currently being carried out at the first two levels of basic education will be extended to the third level and also to secondary education.

**Benefits:**

The program's overall objective is to broaden access to third-level basic education in rural areas and improve the quality of instruction provided in existing basic education centers, to reduce repeater and drop-out rates and make this education level more efficient. At the same time, the program will enhance equity by enabling young people in rural and ethnic communities to stay in school longer, to be able to pursue further studies or enter the job market.

The program's economic efficiency will be borne out by the growth in annual personal income that it is expected to bring about, since each additional year of basic education translates into an average annual increase in income of US\$45. This potential income growth would have a significant impact on the reduction of rural poverty, given that it is equivalent to 10% of the poverty-line income.

In addition, the program will promote efficiency by targeting resources based on minimum enrollment criteria. This will assure that the program is cost-effective and maximize its impact on the beneficiaries.

**Risks:**

One risk factor for this operation is the managerial weakness of the Ministry of Education, which may affect the agency's capacity to execute the program. To mitigate this risk the program will strengthen UTEN, which will focus on the operational aspects of the program and coordinate all international aid programs, transferring institutional capacity in the Ministry. This structure will streamline procedures for executing the program and give the Ministry the opportunity to take the lead in the technical-pedagogical aspects of education reform.

For the program to succeed, it is crucial to ensure smooth transfer and effective use of resources. The design of the direct transfers from the Ministry of Education to individual schools is therefore based on

recommendations arising out of the experience of programs such as the Honduran Community Education Program (PROHECO) and the Family Allowance Program (PRAF). Those programs not only have managed to ensure that transfers reach the targeted activity or beneficiaries but they have also, through the creation of legal associations and delivery of training to them, made for more cohesive communities and heightened community interest and involvement in the schools.

The potential lack of planning expertise in schools, which might hinder some schools from identifying their needs, is another risk, given that the effectiveness and quality of the program's interventions will depend on the efficient development of high-quality SDPs. However, the fact that the contract for this work will be awarded, through competitive bidding, to an institution with experience in participatory school planning will ensure that the assessment process at the school level is of good quality.

Lastly, transfers to the basic education centers will require legislative approval to empower the Ministry of Education to recognize the respective associations as legal entities. However, securing this legislative approval is not expected to pose a problem.

**Special  
contractual  
conditions:**

**The following must be submitted prior to the first disbursement:** (i) evidence that UTEN has been created; (ii) evidence that a firm has been retained for concurrent auditing; (iii) evidence that the loan contract between the Government of Honduras and the Nordic Development Fund (NDF) has entered into force, or evidence from the Honduran government that it has another source of funding acceptable to the Bank; (iv) evidence that a technical-assistance contract has been signed with the Organization of Ibero-American States (OEI); and (v) evidence that a special bank account has been opened for the program. **The following must be submitted as a condition precedent to the first disbursement under subcomponent 1.iii, "Expansion of third-level basic education":** evidence that the FHIS and the Ministry of Education have signed the implementing agreement. **The following must be submitted as a condition precedent to disbursement of subcomponent 1.ii (PFSE):** (i) evidence that legal provisions authorizing the Ministry of Education to accord legal status to the associations or other entities of the BECs and secondary school institutions, their bylaws, and the directive on administration of transfers have entered into force.

It is recommended that, after the contract is signed and the conditions precedent in the General Conditions—except subparagraph (d), Initial report—are fulfilled, and before compliance with the special

conditions precedent to the first disbursement, the Bank disburse up to US\$60,000 from the loan to start off the program activities relating to the special conditions. Up to the equivalent of US\$20,000 of that sum would be earmarked to hire a firm to conduct the program's concurrent evaluation, up to US\$20,000 equivalent to hire a firm for its concurrent audit, and up to US\$20,000 equivalent for fulfillment of the program's special conditions (paragraph 3.38).

**Poverty-targeting and social sector classification:**

This operation qualifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704) (paragraphs 4.17–4.19).

Furthermore, the operation qualifies as a poverty-targeted investment (PTI) (paragraph 4.22). The borrower will not be using the 10 percentage points in additional financing (paragraph 2.27).

**Exceptions to Bank policy:**

Direct contracting of the Organization of Ibero-American States (OEI) (paragraph 3.14) as a specialized agency to advise and support the Ministry of Education in administering the program.

**Procurement:**

International competitive bidding will be required for construction of works worth over US\$1,000,000, procurement of goods and services over US\$250,000, and contracts for consultant services over US\$200,000. For the procurement of goods, works, and consulting services under those thresholds, the simplified procedures indicated in the procurement plan, and set out in Annex D to the loan contract, will be followed.